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Counsel for the Official Committee Of
Equity Security Holders Of USA Capital First Trust Deed Fund, LLC

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:) BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,) Chapter 11
Debtor.)

In re:) BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,) Chapter 11
Debtor.)

In re:) BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,) Chapter 11
Debtor.)

In re:) BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,) Chapter 11
Debtor.)

In re:) BK-S-06-10729-LBR
USA SECURITIES, LLC,) Chapter 11
Debtor.)

Affects

- ☐ All Debtors
☐ USA Commercial Mortgage Co.
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed
☒ USA First Trust Deed Fund, LLC

**SUPPLEMENTAL DECLARATION OF MATTHEW E. KVARDA IN SUPPORT OF
APPLICATION FOR ORDER PURSUANT TO 11 U.S.C. §§ 328(a) AND 1103(a) AND
FED. R. BANKR. P. 2014(a) AUTHORIZING THE RETENTION AND EMPLOYMENT
OF ALVAREZ & MARSAL, LLC AS FINANCIAL AND REAL ESTATE ADVISOR TO
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS NUNC PRO TUNC TO
JUNE 1, 2006 (AFFECTS USA FIRST TRUST DEED FUND, LLC)**

1 Matthew E. Kvarda, being duly sworn upon his oath, states and affirms as follows:

2 1. I am over eighteen years of age and have personal knowledge of the facts
3 set forth herein, and if called as a witness, would testify competently with respect thereto from
4 my own personal knowledge except as otherwise states.

5 2. I am a Director of Alvarez & Marsal, LLC ("A&M"), which maintains
6 offices at 633 West Fifth Street, Suite 2560, Los Angeles, California 90071. Pursuant to its
7 "Order Approving Alvarez & Marsal, LLC Employment Application" entered on June 23, 2006,
8 the Court approved the employment of A&M as financial and real estate advisor to the Official
9 Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "FTDF
10 Committee").

11 3. This supplement to my declaration filed on June 13, 2006 in support of
12 A&M's employment application is made in light of recent developments that A&M believes
13 ought to be disclosed pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure.
14 A&M and I believe that none of the connections disclosed herein create any conflict of interest
15 for A&M, or that any connection would in any way impede A&M in devoting its full and
16 complete loyalty to the FTDF Committee and to the investors for whom the FTDF Committee is
17 a fiduciary.

18 4. The new connections are as follows:

19 a. SPCP Group, LLC ("Silver Point") is the stalking horse bidder for
20 certain assets of USA Capital First Trust Deed Fund, LLC and USA Commercial Mortgage
21 Company that are to be sold pursuant to certain procedures approved by the Court at the October
22 25, 2006 hearing. Following the October 25, 2006 hearing, I learned that A&M has been
23 retained by Silver Point in two matters (the "New Silver Point Matters") that are unrelated to the
24 above-captioned chapter 11 bankruptcy cases (the "Chapter 11 Cases"). While the nature of
25 A&M's services in the New Silver Point Matters is confidential and has not been publicly
26 disclosed, I assure the Court that neither of the New Silver Point Matters relates in any way to
27 the Chapter 11 Cases. To ensure that no conflict arises, A&M employees who have performed
28 services for the FTDF Committee in the Chapter 11 Cases will not have any involvement with

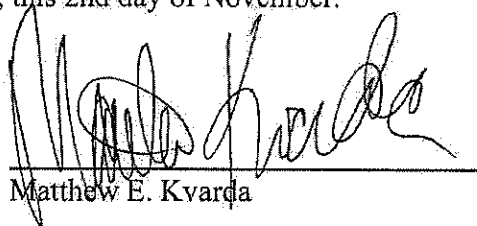
1 the New Silver Point Matters, and no A&M employee who renders services on the New Silver
2 Point Matters will have any involvement with the Chapter 11 Cases.

3 b. A&M and I have recently been retained to provide turnaround
4 management services to an entity that is represented by Gordon & Silver, Ltd. ("G&S), which
5 firm serves as counsel to the Official Committee of Holders of Executory Contract Rights
6 Through USA Commercial Mortgage Company. At this time, the identity of this entity must
7 remain confidential as A&M's relationship with such entity has not been publicly disclosed.
8 However, I have confirmed that this entity has no connections with any of the Debtors in the
9 Chapter 11 Cases.

10 5. I bring these connections to the attention of the Court and parties in
11 interest in the spirit of full disclosure. I continue to believe that A&M's relationship with Silver
12 Point and the above-referenced undisclosed entity that has recently retained A&M will in no way
13 impact any A&M action, decision or thought process in rendering services to the FTDF
14 Committee.

15 I declare under penalty of perjury that the foregoing is true and correct to the best
16 of my knowledge, information and belief
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18 Executed at Los Angeles, California, this 2nd day of November.

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Matthew E. Kvarda
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